Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/11/2000

GAIN Report #FR0025

France

Market Development Reports

French import market opportunities for U.S. apples

2000

Approved by:
Frank J. Piason
U.S. Embassy, Paris
Prepared by:
Xavier Audran,
U.S. Embassy, Paris
& Agro Service Etudes (ASE), Paris

Report Highlights:
Despite a small import market, France may provide some niche opportunities for U.S. apples, especially for the bi-color and Red Delicious varieties, which have a better taste and last longer than French varieties. U.S. varieties packaged individually for snacking could find a good place in the French market. A potential niche market also exists for U.S.-grown organic apples.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1], FR

Executive Summary: Market Prospects for U.S. Apples

1. General

- With a yearly production of more than 2 million tons of apples and flourishing exports, France is one of the world's leading producers and exporters of apples. France imports about 80,000 tons of apples per year, 45 percent of which come from the southern hemisphere during the European off-season.
- French consumers still prefer the Golden variety but are increasingly attracted to bicolor varieties.
- Non-tariff barriers such as sanitary and quality controls are replacing tariff barriers at the border.

1. Assets

- Consumers may prefer U.S. Red Delicious apples to local red varieties for their bright color and crisp texture.
- Soil and climate conditions in the state of Washington are better suited to producing Red Delicious apples than in France. French grown Red Delicious do not store as well as the American product.
- Imports duties on apples are quite low and declining over time.
- Long terms of payment encourage imports from the United States.
- French organic apple production is low and domestic prices for organic apples are high, providing an interesting niche market for U.S. organic apples.

2. Disadvantages

- French production is 2 million tons of apples per year, and surpluses are frequent.
- The French market for imported apples accounts for only 5 percent of the EU's total apple imports meaning buyers are less familiar with imports than domestic fruits.
- 45 percent of imported apples come from countries in the southern hemisphere; more than 90 percent come from Europe, and less than 2 percent come from the United States. Some analysts say that U.S. apples serve only to supplement French apples when local production is low.
- Eastern European countries are planting apple trees and may become the U.S.'s main competitors on the French market.
- Duties are lower during the off-season when fewer apples are harvested in Europe. American apples are imported when duties are at their highest levels.
- French apple producers continue to lobby for enforcing strict sanitary controls that limit imports from

non-EU countries.

- Consumers trust European apples more than they do for U.S.- grown apples, due to their greater familiarity with EU varieties.

- Short storage life of French grown Red Delicious apples makes consumer wary of the variety.

A. Consumption Trends

1. The French Market: A General View

Apples account for the largest share of fruit consumption in France, making up 22 percent of total fruit consumption. About 90 percent of French households consume apples. Total consumption (1.7 billion tons) and the market (2.3FF billion per year) have been stable for more than ten years. Consumption is 16 kg apples per capita per annum. Apples compete with different fruits in different parts of the year. They compete with imported citrus and exotic fruits in the winter and with other French fruits (peaches, strawberries, etc.) in the summer.

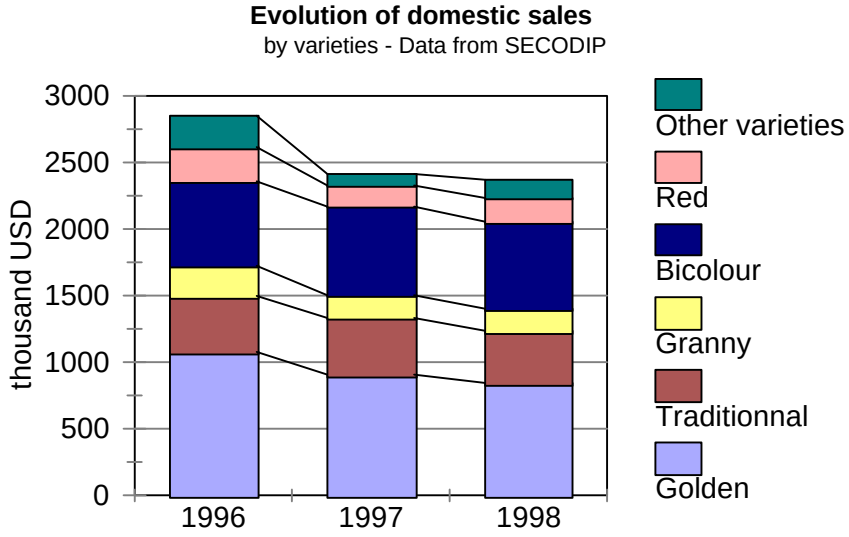
2. How French Consumers View Apples

Apples have a good image. Most consumers associate them with healthy eating and fun. Although enthusiasm for apples has waned since 1990, apples are increasingly viewed as a " basic fruit, " and are some of the cheapest fruits on the market. Consumers welcome the growing diversity of available varieties. Snacking on apples at work, on vacation is becoming fashionable. Between 1990 and 1997, the proportion of women snacking on apples jumped from 59 percent to 92 percent . To overcome consumer indecisiveness, producers should package and label apples with information on their variety and origin. Consumption at home, while stagnant, remains higher than consuming in the workplace.The catering sector has played a minor role in developing the concept of "out-snacking."

Consumer Profile

Most consumers are over 35 years old. This might have to do with growing health consciousness that comes with age, and apples' image as a " healthy fruit." Consumer income levels are directly proportional to consumption levels. In general, women consume more apples than men.

Major varieties :



Although the Golden variety remains the most popular among French consumers, sales have fallen by 5 percent as bicolor varieties have been gradually taking market share since the early nineties. The Red Gala is the bestseller among bicolor varieties.

Changes in consumption habits might have to do with consumer preferences related to a fruit's organoleptic characteristics. Consumers prefer crunchy and juicy fruits to floury ones. They prefer vibrant color as well. The Gala, Fuji and Braeburn varieties, which combine all these qualities, are gaining popularity on the French market.

Minor varieties :

The Granny Smith variety is consumed by a small but stable proportion of consumers, half of whom are younger than 25 years old and the rest are high income groups.

Red varieties (Red Delicious, Red Chief) are well-known, but becoming less competitive in France, because domestically-produced red delicious apples tend to turn floury when stored at low temperatures for a long time.

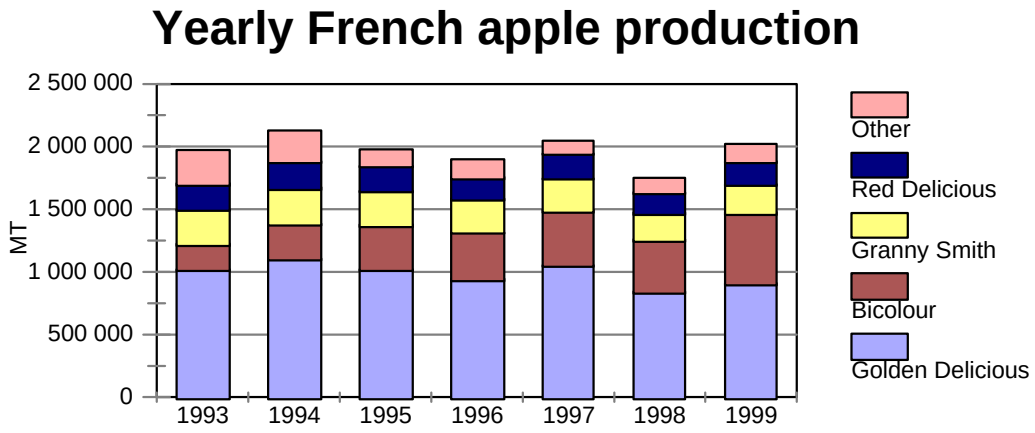
Traditional varieties (Reine des Reinettes, Reinette grise du Canada, Belle de Boskoop) are maintaining their market share and are more popular than the new varieties. They are particularly popular with consumers over the age of fifty.

B. THE COMPETITION

1. The French Apple Market

The French apple import market is small (5 percent of total European apple imports), compared to those of other European countries such as Great Britain or Germany.

2. The French apple production



Europe produces 8 million tons of apples per year. France and Italy are the largest producers, each producing 2 million tons each year. In fact, apples are France's main fruit product and come in about 1,000 varieties, 20 of

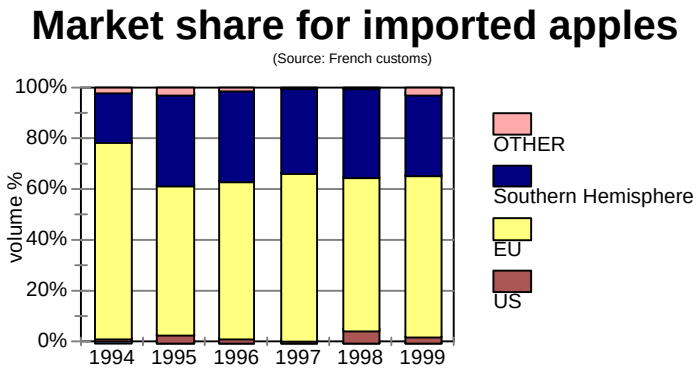
which are grown in significant quantities. France produces Golden Delicious (50 percent), Granny Smith (13 percent), Royal Gala (8 percent), Red Delicious (9,5 percent) and other varieties. Each French region has its own varieties. France exports about 800,000 tons of apples per year, making it the world's largest exporter.

Gala production has tripled in the past 7 years, while Braeburn and Fuji (both bicolor varieties) production has tripled in the last three. These developments are linked to changes in consumers' habits.

3. The French Import Market

General
France directly imports about 80, 000 tons of apples. Although there are no precise figures showing how many tons of imports enter via other European countries (mainly the Netherlands through Rotterdam, and Belgium) one can safely assume that the amount is around 20 percent more than direct imports. France imports around 96, 000 tons per year into France.

Import Market Share



In the past six years, between 50 percent and 60 percent of all imports came from EU countries, mainly Belgium (44 percent) and the Netherlands (27 percent) . About 30 percent to 45 percent came from countries in the southern hemisphere, such as Chile, South Africa, Argentina and New Zealand.

While France imports a higher volume of apples from the EU than from non-EU countries, the total value of its imports from the southern hemisphere equal those from the EU because southern hemisphere apples cost more .

The U.S. share of apple imports remains quite low and (about 1 percent to 2 percent) has changed little in the past 5 years. .

Imports Calendar
About 42 percent of the imports enter France during the French and European off-season (March to June) from Chile, South Africa, New Zealand, Australia, and Argentina. Since France frequently over-produces (in 1999 for example), it needs no complementary of tonnage during the peak season (September to March), when imports come mainly from Belgium, Italy, and the Netherlands and benefit from low customs duties. Peak season imports are of varieties produced locally in insufficient quantity or of varieties whose quality suffers when produced locally.

Imported Varieties

France produces most of the Golden Delicious and Granny Smith apples consumed domestically. During the off season, imports of these and the Royal Gala varieties come from southern hemisphere countries. U.S. Red Delicious apples fall under the category "other varieties."

Strengths and weaknesses of French apples compared to American imported apples

More than 90 percent imports into France are Red Delicious apples from Washington. This proportion has changed little in the past 5 years. Only U.S. Red Delicious apples have a comparative advantage over French apples. On the contrary, U.S. Royal Gala apples have a conservation problem and are barely consumable when they arrive in France.

France produces few Red Delicious apples because of their second-rate quality when domestically produced. French Red Delicious apples develop a floury consistency very quickly (about 2 weeks). U.S. Red delicious apples are high in quality but may develop quality problems within two months.

While not specifically analysed in this study, contacts mentioned that there is a niche market potential for U.S. organic apples, especially of the Red-Delicious and bi-color varieties. Generally, due to their higher price, organic apples are more likely to be purchased individually, for snacking. French organic apple production is low and often not well distributed through large retailing chains and the catering sector. The higher price of organic apples also means that import duties will have a smaller impact on the final price to the consumer.

C. Market access

1. Tariff and non-tariff barriers

Non-tariff barriers

Food Sanitation Rules - General:

U.S. exporters must obtain sanitary certificates from APHIS in the United States. Then, they must submit their products to systematic sanitary controls before obtaining a customs clearance (maximum residue limits, post-harvesting residues, preservatives). A new protocol called screening (developed by Lara laboratories) immediately detects traces of 180 pesticides.

French importers must be registered with the sanitary services. A voluntary system of self-controls set up by importers and the DGCCRF (Fraud Detection Agency) will replace the registration system in the forthcoming years.

Qualitative rules

Imported products must have an import certificate, which indicates the arrival date and location, nature of the product, volume, lot number, category. The DGCCRF can make qualitative and sanitary controls at any stage of distribution, beginning with systematic batch probing before customs clearance.

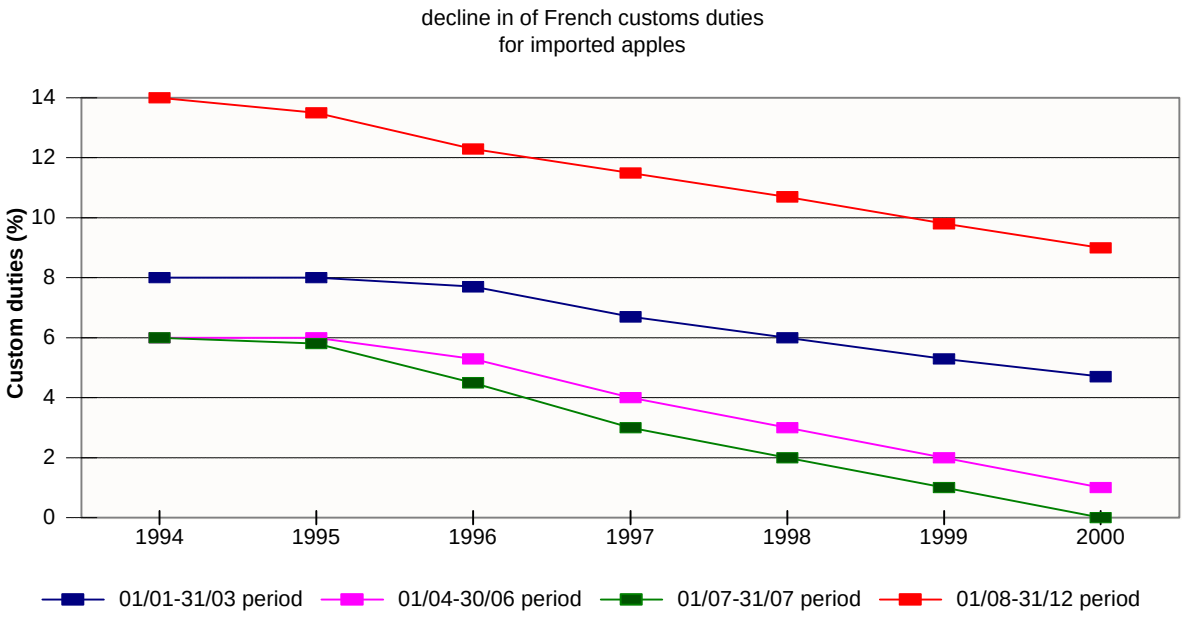
Tariff barriers

Customs clearance (custom duties and excise taxes) :

Custom duties on apples vary depending on the time period of the year. Below are the 1999 values (for imported apples whose entrance price is lower than the EU minimum fixed price - see below) :

- 01/01-03/31 : 5,3 percent
- 04/01-06/30 : 2 percent
- 07/01-07/31 : 1 percent
- 08/01-12/31 : 9,8 percent

High customs tax periods correspond to the main French and European production periods, and they also correspond to U.S. export periods. However, following the 1994 Marrakech trade agreement, they have been decreasing steadily:



The Minimum Entrance Price System for Fragile Products such as Apples

This system is applied per batch before customs clearance. In order to protect local production, imported products cannot sell for less than the minimum fixed price. Importers who buy below the fixed minimum import price must pay additional taxes. Between 92 and 100 percent of the minimum price, the importer will pay additional taxes:

Additional taxes per import period, (EURO/100kg)	01/01-02/14	02/15-03/31	04/01-06/06	07/01-07/15	07/16-07/31	08/01-31/12
84-86 percent of min price	24.8	24.8	24.8	23.8	23.8	23.8
86-88 percent of min price	24.8	24.8	8.1	6.4	23.8	23.8
88-90 percent of min price	24.8	6.9	6.9	5.5	23.8	23.8
90-92 percent of min price	24.8	5.8	5.8	4.6	23.8	23.8

92-94 percent of min price	4.6	4.6	4.6	3.7	3.7	3.7
94-96 percent of min price	3.5	3.5	3.5	2.7	2.7	2.7
96-98 percent of min price	2.3	2.3	2.3	1.8	1.8	1.8
98-100 percent of min price	1.2	1.2	1.2	0.9	0.9	0.9

The "Special Safeguard Clause" is designed to protect local production in case of an important domestic price drop. It applies to specific volumes which non- EU countries cannot exceed. The tariff under a safeguard action can rise to 33 percent. While this rate has never been applied to apples, this clause is reassuring to French producers.

Import calendars and import quotas have been abolished.

2. Local standards :

Minimum characteristics of a marketable apple :

Unless special arrangements are made, apples must be :

- whole
- sound (consumable products with no rot or deterioration)
- clean (almost free of foreign materials)
- almost free of parasites or deterioration due to parasites
- free of abnormal outer humidity
- free of extraneous smells and/or flavors

Moreover, they must be carefully selected.

The fruit must be ripened sufficiently to arrive in good condition after transportation and handling.

Grading :

" Extra " category (" Extra fancy " in U.S. classification) :
Apples must be of superior quality (typical shape, development and coloration of the variety, with peduncle intact). They must be flawless, except for slight skin discoloration.

Category I (" Fancy " in U.S. classification) :
They have to be of good quality. Distortions, discoloration and damages to peduncle must be minimal. The pulp must show no signs of deterioration. Skin flaws must not exceed 2 cm in length or an area of 1cm². Marks should not exceed an area of 0.25 cm^2.

Category II :
This category includes apples which cannot be classified in the above categories, but which correspond to the defined minimal characteristics. Flaws in shape, development and coloring are allowed as long as fruits retain their characteristics. The peduncle can be missing without skin deterioration. The pulp must not have significant flaws. Discoloration must be limited to 4 cm length and a total area of 2.5 cm^2. Marks cannot exceed an area of 1 cm^2.

A minimum caliber is defined for each category, with a maximum diameter difference of 5 mm between fruits wrapped in the same package :

Apples	" Extra "	I	II
Big fruit varieties	70 mm	65 mm	65 mm
Other varieties	60 mm	55 mm	55 mm

-" Extra " category : 5 percent of the apples (in number or weight) fall under category (I).
- Category I : 10 percent of the apples (in number or weight) fall under category II.
- Category II : 10 percent of the apples (in number or weight) are exempt from the minimum characteristics (but they must be consumable).

Authorized additives and chemical residues :
The following post-harvesting additives are allowed :
- diphenylamine (007) : 3 mg/kg , residual content in the entire fruit.
- benomyl (008) : 6 mg/kg, residual content in the fruit.
- ethoxyquine (009) : 3 mg/kg, residual content in the entire fruit ; soaking in a 0.25 to 0.35 percent solution.
- carboxymethylcellulose (E466), " mono and diglycerides of fatty acids " (E471), carbohydrate-esters (E473) : 150 mg/kg, used in mixtures.

A complete list of the maximum residue limits is in the appendix.

3. Packaging regulations

Packaging :

- Apples under the "Extra" category have to be packed in lined layers.
- Apples have to be packed to ensure protection.
- Packaging materials must be new and clean to prevent damage. Paper and commercial stamps are allowed as long as they contain non-toxic ink or glue.
- Packages must not include any foreign items.

Labeling

Each package has to carry the following information (in grouped characters, on the same side, readable, indelible and visible from the outside):
- Identification (packer and/or sender): name and address or symbolic identification delivered by an official service.
- Nature of the product: "apple" if the content is not visible from the outside, name of the variety for " Extras " and category I.
- Origin of the product: country of origin, and possibly production area or national, regional or local appellation. This specification has to appear on bills and delivery notes.
- Commercial characteristics: category, caliber or number of pieces for fruit presented in lined layers.

30 percent of the total volume

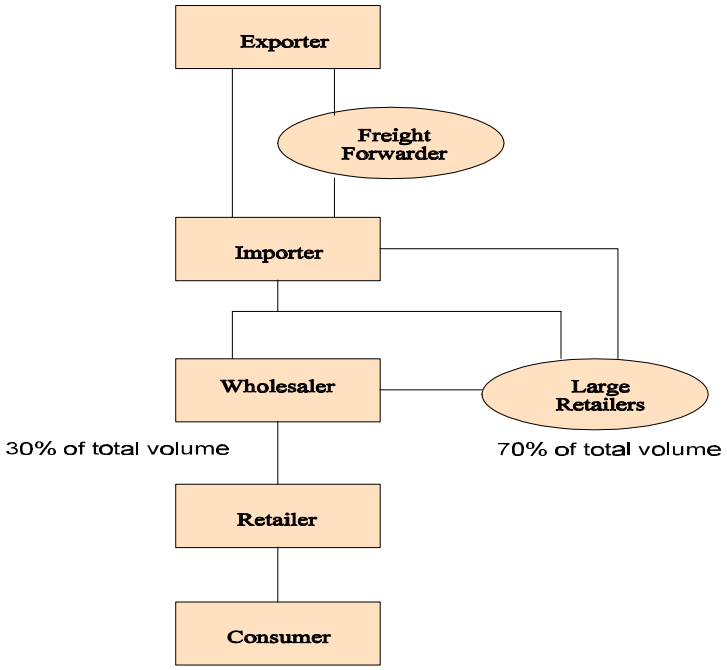
Consumers prefer labels and packaging with product information on the name of variety, which is more important than brand name.

4. List of required U.S. Export Documents andCertificates

A U.S. exporters need conformity certificates (including sanitary certificates) from the Animal and Plant Health Inspection Service (APHIS) of USDA.

D. Distribution channels

1. Flow chart



Note: The rectangular boxes represent the channel most U.S. exporters use.

2. Best market entry methods for new-to-market exporters

Some specialized retailers are looking for high quality U.S. apples.

Large retailers are looking for new varieties (mainly bicolor ones). These platforms avoid middlemen like wholesalers, but the products are bought at very low prices.

The catering channel requires U.S. packaging in bushels while the mass marketing channel prefers traditional packaging with pallets.

Exporters will find new opportunities in some market segments, such as organic production (1-2 percent of the global apple market), and in trends like “out-snacking.”

3. Advantages of French Suppliers Over Importers in Distribution Channels

French products enjoy a good reputation among French consumers for their quality, tradition, diversity, etc.

French producers are united in cooperatives and national committees for sales promotions and the development of the apple industry.

Some French producers have exclusive contracts with large retailers(agreements on sustainable agriculture and on traceability).

The French producers have easier access to rural markets, the traditional place to buy fruits and vegetables in the view of the French consumer.

4. Typical Mark-Ups from Point of Entry to Final Sale

- Exporter Importer : duties, import taxes, import licensing, freight and storage costs, operating costs.
- Importer Wholesaler : freight and storage costs, operating costs.
- Importer Mass marketing : freight and storage costs, advertisement, sales promotion, operating costs.
- Wholesaler (Catering, Retailer, Mass marketing) : freight costs, operating costs.
- Consumer : VAT.

APPENDIX: Limits Maximum of Residues in French Legislation :

RESIDUE	LIMIT (mg/Kg)
2.4.5 T	0.05
Acefat	1
Acrinatrine	0.05
Aldicarb	0.05
Aldrin	0.01
Aminotriazol (amitrol)	0.05
Amitraz	1
Atrazine	0.1
Azinfos ethyl	0.05
Azinfos metil	0.5
Sulfure	50
Barbam	0.05
Banalaxil	0.05
Benfurecarb	0.05
Benzoximat	1
Bifantrin	0.1
Binapacril	0.05
Bitertanol	1
Bromofos	1
Bromofosetil	0.05
Bromopropilate	2
Bromuconazol	0.05
Bromure of methyle	0.05
Bupirimate	0.5
Butilhydroxienisol (BHA)	5
Canfechlore	0.1
Captafol	0.02
Captan	3
Carbaril	3
Carbendazime	2
Carbofuran	0.1
Carbosulfan	0.05
Ciflutrin	0.2
Cihalotrin lambda	0.1
Cihexaatan	1
Ciparmetrin	1
Chloroconazol	0.1
Clofentezin	0.1
Clordane	0.05
Clorfenvinfos	0.05
Clormecuat	0.05
Chlorobencilat	2

Chloroxuron	0.2
Clorpifiros	0.5
Clortalonit	0.01
Daminozide	0.02
DDT	0.05
Deltrametrin	0.1
Darneton	0.4
Dialate	0.1
Diazinon	0.5
Dibromoethane	0.01
Diclofluanide	5
Diclorprop	0.05
Diclorvos	0.1
Dicofol	1
Dicuat	0.05
Dieton	0.1
Difenilamin	3
Difenoconazol	0.2
Diflubenzuron	1
Dimetoate	1
Dinocap	0.1
Dinosab	0.05
Dieulfoton	0.02
Ditalimfos	1
Ditianone	1
Ditiocarbamate	2
Ditiometon	0.5
Diuron	0.1
Doguedine	1
Endosulfane	1
Endrin	0.01
Etefon	3
Etiofencarb	2
Etoxiquine	3
Fenarimol	0.3
Fenazaquin	0.1
Fenbutaastan	2
Fenclorfos	0.01
Fenitrotion	0.5
Fenoxicarb	0.5
Fenpiroximat	0.2
Fenpropatrin	0.5
Fantin	0.05
Fention	1
fenvaierato	1

Flubenzimine	1
Flufenoxuron	0.1
Flurnequine	0.1
Fluquinconazol	0.1
Fluroxipir	0.02
Fluvainato tau	0.2
Forato	0.05
Formotion	0.1
Fosalon	2
Fosadal	1
Fosfamidon	0.15
Fosmet	2
Fubfanprox	0.2
Furatiocarb	0.05
Gilfosate	0.1
Glufosinate	0.5
Heptacloro	0.01
heptenofos	0.1
Hexaconazol	0.1
Hexafumuron	0.5
Hexitiazox	0.5
Hidrazide malelca	1
Imazal	5
Imidacloprid	0.3
Iprodina	10
Isoxaben	0.02
Lindane	1
Lufenuron	0.5
Malation	0.5
Mecarbam	0.05
Metalax	1
Metamidofos	0.3
Metidate	0.3
Metil krazoxim	0.1
Metomil	1
Metoxicior	10
Mevinfos	0.2
Miciobutanil	0.2
Monocrotofos	0.2
Naled	0.2
Napropamide	0.1
Neburon	0.05
Nitrotal	1
Norflurazone	0.05

Nuarimol	0.2
ometoate	0.2
Orizaline	0.02
Oxadiazon	0.05
Oxidemeton metil	0.02
Paciobutrazol	0.8
Paracuat	0.05
Paration	0.5
Paration metil	0.2
Penconezol	0.05
Permetrin	1
Pirazofos	0.3
Piretrine	1
Pridaben	0.1
Pirifenox	0.1
Pirmetanil	0.5
Primcarb	0.5
Primifoe etil	0.01
Primifoe metil	0.05
Procimidone	0.02
Propargite	2
Propiconazol	0.05
Propizamide	0.02
Propaxur	0.05
Quinometionate	0.3
Quizalofop etil	0.05
Rotenone	0.05
Setoxidim	0.5
Simazine	0.1
Sulfosate	0.1
Sulfotep	0.2
Tebuconazol	0.2
Tebufenocide	0.5
Tebufanpirad	0.5
Tefubenzuron	0.5
TEPP	0.01
Terbutilazine	0.1
Tetradorvinfos	2
Tetraconazol	0.2
Tetradifon	2
Tiabendezol	5
Toll fluanide	2
Triadimefon	1

Trialate	0.1
Triazofos	0.02
Tridorfon	0.5
Trifumuron	1
Triforine	2
Vamidotion	0.5
Vinclozoline	1

Bibliographical references

Aurel J.C, march 1997 - *Manuel de l'opérateur fruits et légumes*, Chambre syndicale des Importateurs français

Bouchez C., February 1999 – *Les pommes de qualité réussissent à se placer*, FLD magazine, p26

Bru M., October 1999 – *Le verger français en bicolore*, Réussir fruits et légumes, nbr 178, p24-29

CTIFL, 1997 – *Memento des fruits et légumes: tous les chiffres qu'il faut connaitre sur un secteur vital de l'économie française*, p146-149

Codron J.M, September 1999 – *Le marché mondial de la pomme*, Infos-CTIFL, nbr 154, p26-31

Coureau C., march 1999 – *1er entretien technique fruits CTIFL/SIVAL 15 janvier 1999, Pommes, quelles références techniques internationales pour la filière française*, L'Arboriculture-Notre région, p22-23

Decoene Ch., February 1998 – *Les consommateurs aiment la variété des " goûts " de pommes*, Infos-CTIFL, nbr 138, p18-21

Decoene Ch., March 1998 – *Lmarché des pommes, la France dans son environnement européen*, Infos-CTIFL, nbr 139, p13-17

Guilbert Ph., April 1999 – *La pomme passe à l'affiche*, Linéaires, nbr 135, p12

Guilbert Ph., September 1999 –*Sur un marché pommes/poires/raisins globalement stable, des fruits en mutation*, Linéaires, nbr 140, p138-147

Kraeutler E., October 1997 – *Le marché de la pomme*, Infos-CTIFL, nE135

Lamy Dehove, 1996 – Réglementation des Produits – Qualités - Répression des fraudes, Lamy SA Editions Juridiques et Techniques 1996, p416-222

Love J.M., November 1996 – *La compétitivité des pommes américaines*, L'Arboriculture Fruitière, nE499, p36-39

Moreau-Rio H.A Roty C. Kraeutler E., 1997 – *Le baromètre " Pommes " 1997 Images Usages*, CTIFL Départements Produits et marchés

Sarrazin C., May 1997 – *Pommes, poires, informer les consommateurs sur le nom des variétés*, Cahier commercialisation, p4-5

SECODIP, 1999 – *Le Marketing Book 1999*, p210-215

Séguin T., october 1998 – *Etats-Unis, plus de pommes, moins de débouchés*, L'Arboriculture Fruitière, nbr 520

Séguin T., January 1997 – *Face à la concentration de la grande distribution, Pommes les grandes manoeuvres*,

Cahier commercialisation, p6-8

September 1999 – *La France : un leader européen de la production de pommes,* Action Agricole, p30-31

July-August 1999 – *Pommes à tout faire*, L'Echo des Min, nbr 148
July-August 1999 – *Pommes, les prévisions manquent de transparence,* FLD magazine, p21-22

French Customs data